

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF NORTH MARSHALL WATER)	
DISTRICT FOR AN ORDER APPROVING THE WATER)	CASE NO.
MAIN EXTENSION AGREEMENT)	89-339

O R D E R

On November 7, 1989, North Marshall Water District ("North Marshall") filed an application for Commission approval of a standard water main extension agreement for residential applicants and a standard water main extension agreement for subdivision developers. Pursuant to 807 KAR 5:066, Section 12(4), North Marshall also requested Commission approval to enter into a contract for a specific water main extension under different arrangements than those set out by regulation.

North Marshall attached to its application as Exhibits 2 and 5, respectively, the standard contracts referred to above. The Commission has reviewed those agreements and finds no inconsistencies between their terms and the utility's tariffed extension policy. Therefore, the agreements do not require Commission approval and have been filed with North Marshall's tariff.

North Marshall attached as Exhibit 3 to its application the specific contract referred to above. The contract is a proposed

extension agreement between North Marshall and a particular group of applicants. It is identical in terms to North Marshall's standard extension agreement with residential applicants (Exhibit 2) with the addition of a specific paragraph pertaining only to the subject extension. That paragraph provides that, for the purpose of this contract only, a subsequent extension to King Bear Estates (a nearby development) from the extension which is the subject of the contract shall require a contribution from applicants for the subsequent extension equal to 50 percent of the total applicant cost of the original extension. The agreement goes on to provide that: "All other . . . extensions from this extension shall be considered a new main extension and the applicants of the new main extension shall not be required to contribute to the cost of the original . . . extension."

807 KAR 5:066, Section 12(4), authorizes the Commission to approve water line extensions made under different arrangements than those set out by regulation. In its information request of January 17, 1990, the Commission asked North Marshall to explain why it should approve the different arrangements contained in Exhibit 3 and to explain what appeared to be discriminatory treatment of a certain group of applicants. (KRS 278.160 prohibits a utility from discriminating for or against any person with regard to rates or service.) North Marshall responded that, in this particular instance, applicants for a subsequent extension (residents of King Bear Estates) are expected in the near future to demand 50 percent of the water made available by construction

of the original extension. If these applicants for a future extension demand 50 percent of the total consumption, it is justifiable for the applicants in the subject contract to demand that the future applicants pay 50 percent of the cost of construction of the original extension. North Marshall stated that the contract was not discriminatory since the future applicants/contributors would receive refunds for additional customers hooked onto the original extension. Moreover, due to the geography of the area, no other future developments will be served from the original extension other than King Bear Estates.

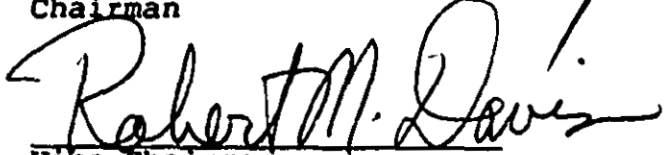
Having considered the evidence of record and being otherwise sufficiently advised, the Commission finds that there is insufficient evidence in the record to support a finding that the circumstances of this particular extension are unique enough to warrant the different extension arrangements set out in North Marshall's Exhibit 3. There is thus insufficient evidence in the record to support a finding that the deviation is reasonable and should be approved.

IT IS THEREFORE ORDERED that North Marshall shall have 20 days from the date of this Order to request a hearing in this matter in order to present additional evidence supporting the reasonableness of the deviation. If North Marshall does not request a hearing within the prescribed time, the proposed extension agreement embodied in North Marshall's Exhibit 3 shall be denied without further Order of the Commission.

Done at Frankfort, Kentucky, this 16th day of March, 1990.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:


Executive Director